

WHAT DOES HEALTH CARE REFORM MEAN FOR MICHIGAN?

There has been much discussion about the politics surrounding health care reform. But **what will the reform signed by President Obama today really mean for Michigan residents?**

A centerpiece of the health care reform proposal will be the creation of insurance “exchanges,” online marketplaces through which private insurance companies must compete for the business of individuals and small businesses owners. **This will mean Americans will have access to the same coverage as Members of Congress**, who will be required to purchase their coverage on the exchanges as well. Multi-state compacts are authorized to allow the purchase of health insurance across state lines. New competition will help drive down insurance premiums for Michigan families.

A summary from the House Energy and Commerce Committee on how other provisions of health care reform will affect Michigan residents and businesses is below ([click here](#) for more on these estimates).

Highlights include:

The 6.3 million Michigan residents who currently have health insurance can keep their current plan and will have it strengthened, as reform prohibits annual and lifetime benefit limits, outlaws dropping individuals who become ill while insured and reduces the cost of preventive care.

Nearly 2.5 million middle class Michigan families will receive a tax cut or other assistance to access affordable health care coverage.

Over 200,000 small businesses will receive a tax break to help provide health coverage for owners’ families and employees, and will be able to purchase insurance at more competitive prices on insurance exchanges.

Nearly 1.6 million Medicare beneficiaries will see their benefits improved, such as new access to no-cost preventative care.

135,000 Michigan seniors affected by the Medicare Part D “donut hole” will benefit as the hole is eliminated over 10 years. Those entering the donut hole will save an average of \$700 in 2011 and \$3000 by 2020 when the donut hole is eliminated (seniors entering the donut hole in 2010 will also receive a \$250 rebate for prescription drugs this year if the House amendments to the bill signed today are passed in the Senate).

141,000 Michigan residents with preexisting conditions like cancer, heart disease and diabetes could no longer be denied health coverage

536,000 uninsured Michigan residents would now have access to health insurance

781,000 young adults in Michigan could now remain on their parents' health care coverage until they are 26 years old

Affordable High-Quality Health Care for the Middle Class

Essential health insurance reforms. Approximately 6,325,000 Michigan residents receive health care coverage from an employer or through policies purchased on the individual market. Under the legislation, individuals with insurance can keep the coverage they have now, and it will get better. The insurance reforms in the bill prohibit annual and lifetime limits, eliminate rescissions for individuals who become ill while insured, ban coverage denials for pre-existing conditions, and reduce the cost of preventive care. To rein in soaring insurance costs, the reforms also limit the amount insurance companies can spend on administrative expenses, profits, and other overhead.

Historic health care tax cuts. Those who do not receive health care coverage through their employer will be able to purchase coverage at group rates through the new health insurance exchange. To make this insurance affordable, the legislation contains the largest middle-class tax cut for health care in history, providing middle class families with incomes up to \$88,000 for a family of four with tax credits to help pay for coverage in the exchange. For a family of four making \$50,000, the average tax credit will be approximately \$5,800. There are approximately 2,447,000 Michigan households could qualify for these credits if they purchase health insurance through the exchange or, in the case of households with incomes below 133% of poverty, receive coverage through Medicaid.

Coverage for individuals with pre-existing conditions. There are 141,700 uninsured Michiganders who have pre-existing medical conditions like cancer, heart disease, and diabetes. Under the bill's insurance reforms, they cannot be denied affordable coverage.

Financial security for families. There were 26,600 health care-related bankruptcies in Michigan in 2008, caused primarily by the health care costs not covered by insurance. The bill caps annual out-of-pocket costs at \$6,200 for individuals and \$12,400 for families who purchase insurance through the exchange or who are insured by small businesses. It also eliminates annual and lifetime limits on all insurance coverage. These reforms ensure that no family will have to face financial ruin because of high health care costs.

Security for Seniors

Improving Medicare. There are 1,585,000 Medicare beneficiaries in Michigan. The legislation improves their benefits by providing free preventive and wellness care,

improving primary and coordinated care, and enhancing nursing home care. The bill also strengthens the Medicare Trust Fund, extending its solvency from 2017 to 2026.

Closing the Part D donut hole. Each year, 135,500 Medicare beneficiaries in Michigan enter the Part D donut hole and are forced to pay the full cost of their prescription drugs. Under the bill signed today, these beneficiaries will receive 50% discounts on brand name drugs beginning in 2011 and complete closure of the donut hole for generic and prescription drugs within a decade. A typical beneficiary who enters the donut hole will see savings of over \$700 in 2011 and over \$3,000 by 2020. Seniors entering the donut hole in 2010 will also receive a \$250 rebate for prescription drugs this year if the House amendments to the bill signed today are passed in the Senate.

New Coverage Options for Young Adults

New lower-cost health care options for young adults. The legislation will allow young adults to remain on their parents' policies until they turn 26. There are 781,000 young adults in Michigan who could benefit from this option. For individuals under age 30, the bill creates new, inexpensive policies that allow them to obtain protection from catastrophic health care costs.

Helping Small Businesses

Helping small businesses obtain health insurance. Under the legislation, small businesses with 100 employees or less will be able to join the health insurance exchange, benefiting from group rates and a greater choice of insurers. There are 229,800 small businesses in Michigan that could benefit from this provision.

Tax credits for small businesses. Small businesses with 25 employees or less and average wages of less than \$50,000 will qualify for tax credits of up to 50% of the costs of providing health insurance. There are up to 205,900 small businesses in Michigan that could qualify for these credits.

Covering the Uninsured

Coverage of the uninsured. The legislation would extend coverage to 95% of all Americans. If this level of coverage is reached in Michigan, 536,500 residents who currently do not have health insurance will receive coverage.

Relieving the burden of uncompensated care. In 2008, health care providers throughout Michigan provided uncompensated care to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care will be reduced by over \$1 billion.

Supporting community health centers. There are 184 community health centers in Michigan that provide health care to the poor and medically underserved. Nationwide, the legislation would provide \$11 billion in new funding for these centers.